parallel runway alongwith initial parallel taxiways and high speed exit taxiways & other entry/exit taxiways, western pair of cross link taxiways and new link taxiway leading to the domestic apron etc. within 24 months of signing of OMDA.

Foreign Institutions in Indian share market

† *127. SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the number of foreign institutions in increasing rapidly in the share market;

(b) if so, whether it is also a fact that the number of foreign companies was 68 in March, 2005 which has increased to 721 till 10th June, 2005;

(c) if so, the facts in this regard; and

(d) the reasons for foreign institutions entering rapidly in the Indian share market?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) The total number of Flls registered with Securities and Exchange Board of India (SEBI) went up from 540 as on March 31,2004 to 685 as on March 31, 2005, and further to 731 till June, 2005.

(d) The positive Flls inflows in the recent past could be attributed to several factors, such as continued economic reforms including in the financial sector, strong economic fundamentals, improved prudential and regulatory standards and attractive valuation of companies.

Impact of p. ices of crude oil on the inflation rate

† *128. SHRI RAVI SHANKAR PRASAD.
SHRI RAJ MOHINDER SINGH MAJITHA

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the inflation rate has been more in the financial year 2004-05 in comparison to the last five years;

† Original notice of the question was received in Hindi.

(b) if so, the details in this regard;

(c) whether it is also a fact that increase in prices of crude oil is the main reason for this inflation;

(d) if so, increase in the percentage of inflation due to this; and

(e) the measures that were taken by Government to check the inflation during these years?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) No, Sir. Year end point-to-point inflation in terms of Wholesale Price Index (WPI) for 2004-05 at 5.1 % was lower than that in 1999-2000,2000-01 and 2002-03, although it was higher than that in 2001-02 and 2003-04 (Table-1).

Table-1

Year End Inflation Rate in Terms of wholesale Price Index and Contribution of Mineral Oils in Annual Rate of Inflation (%)

Year	All Commodities (100)	Mineral Oils (6.99)	Contribution of Mineral Oils to Overall Inflation (In percent)
1999-00	6.5	41.6	45.6
2000-01	5.5	17.3	29.8
2001-02	1.6	1.2	7.8
2002-03	6.5	18.4	29.7
2003-04	4.6	Negligible	-0.1
2004-05	5.1	16.0	34.9

NOTE: Figures in brackets indicate the corresponding weight in the WPI.

(c) and (d) Yes, Sir. As is evidenced from the above Table, high inflation rates of mineral oils were the major contributory factor for overall inflation (except in years 2001-02 and 2003-04 when price rise for mineral oils were moderate or negligible).

(e) High inflation of mineral oils in the domestic market was due to the hardening of international prices of crude oil. The average Brent crude oil prices, which increased by only US$ 7.18 per barrel during four years from US$ 21.77 per barrel in 1999-00 to US$ 28.95 per barrel in 2003-04, increased sharply by US $ 13.15 per barrel to US $ 42.10 in 2004-05. Similarly, the average Dubai crude oil prices, which increased by only US $ 6.50 per barrel during four years from US $ 20.54 per barrel in 1999-00 to US $ 27.04 per barrel in 2003-04, increased sharply by US $ 9.53 per barrel to US $ 36.57 in 2004-05. The Government is very much concerned about the steep and persistent rise in petroleum prices at the international level, and has taken several measures to keep the prices of petroleum products under control. These include, *inter-alia,* the following:

(i) On June 15, 2004, Government reduced excise duties on selected petroleum products to keep their domestic retail prices in check in the face of hardening of international prices of oil. Excise duty on petrol was reduced from 30 per cent to 26 per cent, that on high-speed diesel from 14 per cent to 11 per cent and that on liquefied petroleum gas (LPG) from 16 per cent to 8 per cent.

(ii) On August 18, 2004. Government reduced further excise and customs duties on selected petroleum products. Customs duty on petrol, diesel, LPG and Kerosene were reduced by 5 percentage points each, while excise duty was reduced by 3 percentage point each for petrol and diesel and by 4 percentage points for Kerosene.

(iii) To check the liquidity overhang in the system, the Reserve Bank of India, on 11th September, 2004, hiked the cash reserve ratio (CRR) to be maintained by banks, by 50 basis points to 5 per cent of their demand and time liabilities. In the Mid-Terms Review of the Annual Policy Statement 2004-05 announced on 26th Oct., 2004, RBI hiked the repo rate (the interest rate paid on bank funds placed with the RBI against Government paper) by 25 basis points in 4.75 per cent.

(iv) In June, 2004, the Government decided that the subsidy on PDS Kerosene and domestic LPG could continue on a flat rate basis till March 31,2007. This burden in being shared equitable between the Government and the upstream and downstream oil companies.

(v) The Budget for 2005-06 rationalized the duty structure on petroleum products in a revenue neutral manner. Customs duty on import of crude oil was reduced from 10 per cent to 5 per cent and excise and customs duties on PDS Kerosene and domestic LPG were completely removed. The loss of revenue through such reductions was made good through revision of excise duties on motor spirit and HSD. The specific components of excise duty on motor spirit and HSD has been enhanced with a corresponding reduction in the *ad valorem* component to soften the impact of crude price volatility in the world market.

Reduction in excise duty on cars

† *129. SHRIMATI PREMA CARIAPPA:
SHRI MOTILAL VORA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that his Ministry reduced the excise duty of cars in 2000-2001 which had been further reduced in 2001 -02 and 2002-03;

(b) whether it is also a fact that various companies did not reduce the prices of cars in proportion to the reduction in duty;

(c) whether the CAG has raised objection in its Report for not passing on the benefit of to the consumers;

(d) if so, the details thereof along with names of such companies; and

(e) the action taken by Government to recover the amount from the companies concerned?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) There was no reduction in excise duty in the budget 2000-01. In budget 2001-02, excise duty on passenger cars was reduced from 40% to 32%. There was no reduction in excise duty on passenger cars in budget 2002-03 and excise duty remained at 32%.

(b) While generally the prices came down consequent to reduction in excise duty, it is a fact that the reduction in prices in some cases, in the long run, were not in proportion to the duty reduction.

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† Original notice of the question was received in Hindi.